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DEPARTMENT OF COMMERCE

International Trade Administration

(A-580-874)

Certain Steel Nails from the Republic of Korea: Final Determination of Sales at Less Than Fair Value

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (“the Department”) determines that imports of certain steel nails (“nails”) from the Republic of Korea (“Korea”) are being sold in the United States at less than fair value (“LTFV”), as provided in section 735 of the Tariff Act of 1930, as amended (the “Act”). The final weighted-average dumping margins of sales at LTFV are listed below in the section entitled “Final Determination Margins.”

EFFECTIVE DATE: (Insert date of publication in the *Federal Register*).

FOR FURTHER INFORMATION CONTACT: Krisha Hill or Drew Jackson, AD/CVD

Operations, Office IV, Enforcement and Compliance, International Trade Administration, U.S.

Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230;

telephone: (202) 482-4037 or (202) 482-4406, respectively.

SUPPLEMENTARY INFORMATION:

Background

On December 29, 2014, the Department published in the *Federal Register* the preliminary determination in the LTFV investigation of nails from Korea.¹ In the *Preliminary Determination*, we postponed the final determination until no later than 135 days after the date of publication of the *Preliminary Determination* in accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii) and invited parties to comment on our *Preliminary Determination*.

The following events have occurred since the *Preliminary Determination*. Between January 6, 2015, and February 13, 2015, the Department conducted sales and cost verifications of both respondents, Jinheung Steel Corporation (“Jinheung Steel”) and Daejin Steel (“Daejin”), as well as the sales verification of Jinheung Steel’s affiliate, Illinois Tool Works Inc. (“ITW”). On January 28, 2015, Jinheung Steel requested a hearing. On March 27, 2015, Jinheung Steel, Daejin, ITW, and Mid Continent Steel & Wire, Inc. (“Petitioner”) submitted case briefs. On April 2, 2015, Daejin and Petitioner submitted rebuttal case briefs. On April 8, 2015, Jinheung Steel withdrew its hearing request. No hearing was held in this investigation.

Period of Investigation

The period of investigation (“POI”) is April 1, 2013, through March 31, 2014.

Scope of the Investigation

The product covered by this investigation is certain steel nails from Malaysia. For a full description of the scope of the investigation, see Appendix I to this notice.

Since the *Preliminary Determination*, several interested parties (*i.e.*, IKEA Supply AG, The Home Depot, Target Corporation, and Petitioner) commented on the scope of these investigations. The Department reviewed these comments and made certain changes. For

¹ See *Certain Steel Nails From the Republic of Korea: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 79 FR 78051 (December 29, 2014) (*Preliminary Determination*).

further discussion, *see* the Issues and Decision Memorandum.² The scope in Appendix I reflects all modifications to the scope made by the Department for this final determination.

Verification

As provided in section 782(i) of the Act and 19 CFR 351.307(b)(1)(i), from January 2015 through February 2015, we verified the sales and cost information submitted by Jinheung Steel and Daejin, as well as sales information submitted by ITW, for use in our final determination. We used standard verification procedures including an examination of relevant accounting and production records, and original source documents provided by Jinheung Steel, Daejin, and ITW.³

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties in this investigation are addressed in the Issues and Decision Memorandum accompanying this notice, and which is hereby adopted by this notice.⁴ A list of the issues raised and to which the Department

² *See* Memorandum to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, from Howard Smith, Acting Office Director, Enforcement and Compliance, Office IV, regarding “Certain Steel Nails From the Republic of Korea: Issues and Decision Memorandum for the Final Determination of Sales at Less Than Fair Value” (Issues and Decision Memorandum), dated concurrently with this determination and hereby adopted by this notice.

³ *See* Memorandum to the File from Robert Bolling and Drew Jackson, AD/CVD Operations, Office IV, through Charles Riggle, Senior International Trade Compliance Analyst, AD/CVD Operations, Office IV, regarding “Verification of the Sales Questionnaire Responses of Illinois Tool Works: Antidumping Duty Investigation of Certain Steel Nails from Korea” (March 10, 2015); *see also* Memorandum to the File from Drew Jackson and Krisha Hill, AD/CVD Operations, Office IV, through Robert Bolling, Program Manager, AD/CVD Operations, Office IV, regarding “Verification of the Sales Questionnaire Responses of Daejin Steel: Antidumping Duty Investigation of Certain Steel Nails from the Republic of Korea” (March 11, 2015); *see also* Memorandum to the File from Ji Young Oh and Kristin Case, Senior Accountants, through Taija Slaughter, Lead Accountant, and Neal M. Halper, Office Director, regarding “Verification of the Cost Response of Daejin Steel Company in the Antidumping Duty Investigation of Certain Steel Nails from Korea” (March 12, 2015); *see also* Memorandum to the File from Ji Young Oh and Kristin Case, Senior Accountants, through Taija Slaughter, Lead Accountant, and Neal M. Halper, Office Director, regarding “Verification of the Cost Response of Jinheung Steel Corporation in the Antidumping Duty Investigation of Certain Steel Nails from the Republic of Korea” (March 12, 2015); *see also* Memorandum to the File from Drew Jackson and Krisha Hill, AD/CVD Operations, Office IV, through Robert Bolling, Program Manager, AD/CVD Operations, Office IV, regarding “Verification of the Sales Questionnaire Responses of Jinheung Steel Corporation: Antidumping Duty Investigation of Certain Steel Nails from the Republic of Korea” (March 19, 2015).

⁴ *See* Issues and Decision Memorandum.

responded is attached to this notice as Appendix II. The Issues and Decision Memorandum is a public document and is on file electronically *via* Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System ("ACCESS"). ACCESS is available to registered users at <http://access.trade.gov>. The memorandum is available to all parties in the Central Records Unit, room 7046 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at <http://enforcement.trade.gov>. The signed and electronic versions of the Issues and Decision Memorandum are identical in content.

Changes to the Margin Calculations Since the Preliminary Determination

Based on a review of the record and comments received from interested parties regarding our *Preliminary Determination*, we made the following changes to the margin calculations for Jinheung Steel and Daejin:

For Daejin:

- We used an updated sales database submitted by Daejin which reflects minor corrections and findings from the sales verification.⁵
- We adjusted U.S. price for domestic brokerage and handling charges incurred in U.S. dollars ("DBROK2U").⁶
- We used Jinheung Steel's business proprietary home market financial information as the data source to calculate Daejin's CV profit and selling expense.⁷

⁵ See Letter from Daejin to the Department, regarding "Certain Steel Nails from Korea; Submission of Daejin Steel Company's Revised U.S. Sales Database," dated March 26, 2015.

⁶ See Issues and Decision Memorandum at comment 1; *see also* Memorandum from Krisha Hill, International Trade Compliance Analyst, to Robert Bolling, Program Manager, regarding "Analysis Memorandum for the Final Determination of the Antidumping Duty Investigation of Certain Steel Nails from the Republic of Korea: Daejin Steel," dated May 13, 2015.

⁷ See Issues and Decision Memorandum at comment 4; *see also* Memorandum from Ji Young Oh, Senior Accountant, to Neal M. Halper, Director, Office of Accounting, regarding "Cost of Production and Constructed Value Calculation Adjustments for the Final Determination – Daejin Steel," dated May 13, 2015 ("Daejin Steel Cost

- We corrected the programming error related to the calculation of total cost of manufacturing (“TOTCOM”) for certain control numbers (“CONNUMs”).⁸

For Jinheung Steel:

- We assigned a single manufacturer code to all home-market and U.S. sales based on our determination to treat Jinheung Steel, Duo-Fast Korea Co. Ltd. (“DFK”), and Jinsco International Corporation (“Jinsco”) as a single entity.⁹
- We used updated sales and cost databases submitted by Jinheung Steel and ITW, which reflect minor corrections presented during the verification of these companies.¹⁰
- We revised certain reported product characteristics to reflect changes found during verification of ITW’s response.¹¹
- We disallowed Jinheung Steel’s duty drawback offset.¹²
- We adjusted Jinheung Steel’s reported scrap offset.¹³

Calculation Memorandum”).

⁸ See Issues and Decision Memorandum at comment 3; *see also* Daejin Steel Cost Calculation Memorandum.

⁹ See Issues and Decision Memorandum at comment 5; *see also* Memorandum to The File from Drew Jackson, International Trade Analyst, AD/CVD Operations Office IV through Robert Bolling, Program Manager, AD/CVD Operations Office IV, regarding “Analysis Memorandum for the Final Determination of the Antidumping Duty Investigation of Certain Steel Nails from the Republic of Korea: Jinheung Steel Corporation and Affiliates” dated May 13, 2015 (“Jinheung Steel Analysis Memorandum”).

¹⁰ See Letter from Jinheung Steel to the Department, regarding “Antidumping Investigation of Certain Steel Nails from Korea — Response of Jinheung Steel Corporation, Jinsco International Corporation, and Duo-Fast Korea Co., Ltd. to March 4 Request for Revised Cost Data Files,” dated March 9, 2015; *see also* Letter from Jinheung Steel to the Department, regarding “Antidumping Investigation of Certain Steel Nails from Korea — Response of Jinheung Steel Corporation, Jinsco International Corporation, and Duo-Fast Korea Co., Ltd. to March 20 Request for Revised Sales Data Files,” dated March 23, 2015; *see also* Letter from ITW to the Department, regarding “Certain Steel Nails from Korea: Revised U.S. Sales Databases of Illinois Tool Works Inc.,” dated March 23, 2015.

¹¹ See Jinheung Steel Analysis Memorandum.

¹² See Jinheung Steel Analysis Memorandum.

¹³ See Issues and Decision Memorandum at comment 8; *see also* Jinheung Steel Analysis Memorandum; *see also* Memorandum to the File regarding “Cost of Production and Constructed Value Calculation Adjustments for the Final Determination – Jinheung Steel Corporation,” dated May 13, 2015 (“Jinheung Steel Cost Calculation Memorandum”).

- We recalculated Jinheung Steel’s general and administrative and financial expenses so that they reflect our adjustment to Jinheung Steel’s reported scrap offset.¹⁴
- We reversed an adjustment to Jinheung Steel’s reported costs involving work in process that we made at the *Preliminary Determination*.¹⁵

Final Determination Margins

The Department determines that the following weighted-average dumping margins exist for the period April 1, 2013, through March 31, 2014:

Exporter or Producer	Weighted-Average Dumping Margin (Percent)
Daejin Steel	11.80
Jinheung Steel Corporation Duo-Fast Korea Co., Ltd. Jinsco International Corporation	0.00
All Others	11.80

All Others Rate

Section 735(c)(5)(A) of the Act provides that the estimated “All Others” rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero or *de minimis* margins, and any margins determined entirely under section 776 of the Act. The weighted-average margin for exporters and producers individually investigated that meets these criteria is that of Daejin. Therefore, the All-Others rate is the rate calculated for Daejin, as indicated in the “Final Determination Margins” section above.

¹⁴ See Jinheung Steel Analysis Memo; see also Jinheung Steel Cost Calculation Memorandum.

¹⁵ See Issues and Decision Memorandum at comment 9; see also Jinheung Steel Analysis Memo and Jinheung Steel Cost Calculation Memorandum.

Disclosure

We will disclose to parties in this proceeding the calculations performed for this final determination within five days of the date of public announcement of our final determination, in accordance with 19 CFR 351.224(b).

Suspension of Liquidation

Pursuant to section 735(c)(1)(B) of the Act, the Department will instruct U.S. Customs and Border Protection (“CBP”) to continue to suspend liquidation of all of entries of certain steel nails from Korea, except as noted below, which were entered, or withdrawn from warehouse, for consumption on or after December 29, 2014, the date of publication of the *Preliminary Determination*. For the Jinheung Steel Single Entity, which includes Jinheung Steel, Duo-Fast Korea Co., Ltd., and Jinsco International Corporation, because this entity’s estimated weighted-average final dumping margin is zero, we are directing CBP to terminate suspension of liquidation of entries of certain steel nails produced and exported by this entity.

Pursuant to CFR 351.210(d), we will instruct CBP to require a cash deposit equal to the weighted-average amount by which normal value exceeds U.S. price, as follows: (1) the rate for Daejin will be the rate we determined in this final determination; (2) if the exporter is not a firm identified in this investigation but the producer is, the rate will be the rate established for the producer of the subject merchandise; and (3) the rate for all other producers or exporters will be 11.80 percent. These suspension of liquidation instructions will remain in effect until further notice.

International Trade Commission Notification

In accordance with section 735(d) of the Act, we notified the U.S. International Trade Commission (“ITC”) of our final determination. As our final determination is affirmative, in

accordance with section 735(b)(2) of the Act, the ITC will determine within 45 days whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that such injury exists, the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on appropriate imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Return or Destruction of Proprietary Information

This notice will serve as a reminder to parties subject to administrative protective order (“APO”) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

Notification to Interested Parties

We are issuing and publishing this determination and notice in accordance with sections 735(d) and 777(i)(1) of the Act.

Christian Marsh
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations

May 13, 2015 _____
Date

Appendix I

Scope of the Investigation

The merchandise covered by this investigation is certain steel nails having a nominal shaft length not exceeding 12 inches.¹⁶ Certain steel nails include, but are not limited to, nails made from round wire and nails that are cut from flat-rolled steel. Certain steel nails may be of one piece construction or constructed of two or more pieces. Certain steel nails may be produced from any type of steel, and may have any type of surface finish, head type, shank, point type and shaft diameter. Finishes include, but are not limited to, coating in vinyl, zinc (galvanized, including but not limited to electroplating or hot dipping one or more times), phosphate, cement, and paint. Certain steel nails may have one or more surface finishes. Head styles include, but are not limited to, flat, projection, cupped, oval, brad, headless, double, countersunk, and sinker. Shank styles include, but are not limited to, smooth, barbed, screw threaded, ring shank and fluted. Screw-threaded nails subject to this proceeding are driven using direct force and not by turning the nail using a tool that engages with the head. Point styles include, but are not limited to, diamond, needle, chisel and blunt or no point. Certain steel nails may be sold in bulk, or they may be collated in any manner using any material.

Excluded from the scope of this investigation are certain steel nails packaged in combination with one or more non-subject articles, if the total number of nails of all types, in aggregate regardless of size, is less than 25. If packaged in combination with one or more non-subject articles, certain steel nails remain subject merchandise if the total number of nails of all types, in aggregate regardless of size, is equal to or greater than 25, unless otherwise excluded based on the other exclusions below.

Also excluded from the scope are certain steel nails with a nominal shaft length of one inch or less that are (a) a component of an unassembled article, (b) the total number of nails is sixty (60) or less, and (c) the imported unassembled article falls into one of the following eight groupings: 1) builders' joinery and carpentry of wood that are classifiable as windows, French-windows and their frames; 2) builders' joinery and carpentry of wood that are classifiable as doors and their frames and thresholds; 3) swivel seats with variable height adjustment; 4) seats that are convertible into beds (with the exception of those classifiable as garden seats or camping equipment); 5) seats of cane, osier, bamboo or similar materials; 6) other seats with wooden frames (with the exception of seats of a kind used for aircraft or motor vehicles); 7) furniture (other than seats) of wood (with the exception of i) medical, surgical, dental or veterinary furniture; and ii) barbers' chairs and similar chairs, having rotating as well as both reclining and elevating movements); or 8) furniture (other than seats) of materials other than wood, metal, or plastics (*e.g.*, furniture of cane, osier, bamboo or similar materials). The aforementioned imported unassembled articles are currently classified under the following Harmonized Tariff Schedule of the United States (HTSUS) subheadings: 4418.10, 4418.20, 9401.30, 9401.40, 9401.51, 9401.59, 9401.61, 9401.69, 9403.30, 9403.40, 9403.50, 9403.60, 9403.81 or 9403.89.

¹⁶ The shaft length of certain steel nails with flat heads or parallel shoulders under the head shall be measured from under the head or shoulder to the tip of the point. The shaft length of all other certain steel nails shall be measured overall.

Also excluded from the scope of this investigation are steel nails that meet the specifications of Type I, Style 20 nails as identified in Tables 29 through 33 of ASTM Standard F1667 (2013 revision).

Also excluded from the scope of this investigation are nails suitable for use in powder-actuated hand tools, whether or not threaded, which are currently classified under HTSUS subheadings 7317.00.20.00 and 7317.00.30.00.

Also excluded from the scope of this investigation are nails having a case hardness greater than or equal to 50 on the Rockwell Hardness C scale (HRC), a carbon content greater than or equal to 0.5 percent, a round head, a secondary reduced-diameter raised head section, a centered shank, and a smooth symmetrical point, suitable for use in gas-actuated hand tools.

Also excluded from the scope of this investigation are corrugated nails. A corrugated nail is made up of a small strip of corrugated steel with sharp points on one side.

Also excluded from the scope of this investigation are thumb tacks, which are currently classified under HTSUS subheading 7317.00.10.00.

Certain steel nails subject to this investigation are currently classified under HTSUS subheadings 7317.00.55.02, 7317.00.55.03, 7317.00.55.05, 7317.00.55.07, 7317.00.55.08, 7317.00.55.11, 7317.00.55.18, 7317.00.55.19, 7317.00.55.20, 7317.00.55.30, 7317.00.55.40, 7317.00.55.50, 7317.00.55.60, 7317.00.55.70, 7317.00.55.80, 7317.00.55.90, 7317.00.65.30, 7317.00.65.60 and 7317.00.75.00. Certain steel nails subject to this investigation also may be classified under HTSUS subheading 8206.00.00.00 or other HTSUS subheadings.

While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

Appendix II

List of Topics Discussed in the Issues and Decision Memorandum

- I. Summary**
- II. Background**
- III. Scope of the Investigation**
- IV. Scope Comments**
- V. Discussion of the Issues**

Issues Pertaining to Daejin:

- Comment 1: Domestic Brokerage and Handling Charges Incurred in U.S. Dollars
- Comment 2: Daejin's Audited Financial Statements
- Comment 3: TOTCOM Calculation Error for Certain CONNUMs
- Comment 4: Constructed Value ("CV") Profit for Daejin

Issues Pertaining to Jinheung Steel:

- Comment 5: Cash Deposit Rate for Affiliated Companies
- Comment 6: Product Comparison Methodology
- Comment 7: Differential Pricing Analysis
- Comment 8: Steel Scrap Offset
- Comment 9: Change in Work-In-Process and Semi-Finished Goods Inventories

- VI. Recommendation**